

# View from the Investment Team

July 2025 Market Update

In July a long running border dispute between Thailand and Cambodia re-ignited with armed conflict between the two nations. On 28 July the two nations agreed to an unconditional ceasefire. In Japan upper house elections were held with Japanese Prime Minister Shigeru Ishiba's Liberal Democratic Party and junior coalition partner, the Buddhist Komeito party, failing to secure a majority in Japan's upper house.

Central banks in Australia, Europe and the US all held meetings in July and decided to keep rates on hold. It appears the European Central Bank (ECB) is coming towards the end of its rate cuts having cut rates 8 times since the start of 2024. In contrast, the US Federal Reserve and Reserve Bank of Australia have been less aggressive in cutting rates since 2024 and could cut rates more over the next year if inflation remains controlled.

Australian large cap equities gained 2.39% in July led by the Health Care (+9.05%), Energy (+5.71%) and Utilities (+5.11%) sectors. On the other hand, Financials (-1.02%), Consumer Staples (+0.55%) and Industrials (+2.02%) were laggards. Australian Small Companies outperformed large cap equities gaining 2.82% for the month.

Currency hedged global equities gained 2.06% for the month as the Australian dollar weakened 2.37% versus the US dollar. At month's end the Australian dollar closed at US\$0.6425, down from US\$0.6581 a month earlier. Unhedged global equities gained 3.12% for the month. US equities gained 4.07% for the month in Australian dollars.

Bond yields in both Australia and the US moved higher during the month with the US 10 year bond yield gaining 14bps to 4.37% and the US 2 year bond yield gaining 24bps to 3.96%. In Australia, the Australian 2 year bond yield gained 14bps to 3.35% whilst the Australian 10 year bond yield increased 10bps to 4.26%. Rising expectations of fiscal expansion (ahead of the Japanese upper house election) drove the Japanese 10 year government bond yield to its highest level since 2008 during the month with yields on the 30 year Japanese Government Bond rising to a record high of 3.21% in July.

## BENCHMARK RETURNS

Period Ended: 31 July 2025	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% (pa)	% (pa)	% (pa)
<b>Australian Shares</b>							
Large Caps	2.39	8.08	4.26	11.91	12.69	12.76	8.82
Broad Caps	2.43	8.25	4.29	11.88	12.08	12.17	8.65
Small Caps	2.82	9.67	4.65	11.53	7.09	7.67	7.77
<b>International Shares</b>							
World ex-Australia in AUD Hedged (Net)	2.06	12.21	5.15	14.42	14.55	13.29	10.33
World ex-Australia in AUD unhedged (Net)	3.12	11.29	3.77	17.49	19.10	16.32	12.14
<b>Australian Cash and Bonds</b>							
Bank Bill Index	0.30	0.97	2.02	4.31	3.94	2.40	2.05
Australian Bond Index	-0.04	0.88	3.72	5.22	2.74	-0.18	2.17
<b>Australian Property</b>							
A-REIT – Accumulation	3.28	10.44	4.58	10.18	12.32	13.00	8.07

### Disclaimer

The information in this document is current as at the time of publication of this document. This document is based on information obtained from sources believed to be reliable. Whilst a reasonable care has been taken in the preparation of this document, Akumin Research (on behalf of the licensees mentioned below) makes no representations or warranties as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. Akumin Research accepts no obligation to correct or update the information or opinions in it. Opinions expressed and other information contained in the document are subject to change without notice. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. An investor should, therefore, before making any investment or financial decisions, seek professional advice, having regard to their objectives, financial situation, and needs. This document is solely for advisers within the Akumin Adviser network, including Akumin Financial Planning (ABN 89 051 208 327 & AFSL No. 232706), Charter Financial Planning Limited (ABN 35 002 976 294 & AFSL No. 234665) and Hillross Financial Services Limited (ABN 77 003 323 055 & AFSL No. 232705) and must not be copied, either whole or in part, or distributed to any other person. Akumin Research accepts no liability whatsoever for any direct, indirect, consequential or other loss arising from any use of or reliance on the information contained in this document, to the extent permitted by law.